

Top EBRD delegation to visit Turkey to discuss investment priorities

Hurriyet Daily News, 17.02.2015



A senior delegation from the EBRD, led by President Sir Suma Chakrabarti, will visit Turkey to discuss the bank's investment priorities in Turkey with senior government officials, members of the business community and civil society organizations.

Meetings in both Ankara and Istanbul will reinforce the strong commitment of the EBRD to support the Turkish economy and the country's economic reforms, the EBRD said in a written statement. Chakrabarti will hold talks with Deputy Prime Minister Ali Babacan and Development Minister Cevdet Yilmaz in Ankara.

He will also meet members of civil society in the capital city and discuss investment with the CEOs of leading Turkish businesses, including banking groups, in both Ankara and Istanbul, the bank stated. The EBRD, established initially to help Central and Eastern Europe, as well as the former Soviet Union countries, to develop well-functioning market economies, started investing in Turkey in 2009. It currently operates from offices in Istanbul, Ankara and Gaziantep.

In 2014, Turkey became the leading recipient country of the EBRD, with new investments worth 1.4 billion euros. In six years, the EBRD has invested over 5 billion euros in Turkey over 140 projects in infrastructure, energy, agribusiness, industry and finance. It has also mobilized over 12 billion euros for these ventures from other sources of financing. "The EBRD is a strong and reliable partner for Turkey. The country is showing clear signs of growth after what have been particularly challenging years. The EBRD remains committed to helping Turkish businesses and the economy to grow further and will continue supporting economic reforms as a prerequisite for sustained growth," said Chakrabarti ahead his visit.

According to EBRD economists, Turkey is expected to see growth of 3 percent in 2015, supported by potential monetary easing and a lower bill for oil imports. During his visit, Chakrabarti will also introduce a new senior management team to be based in Istanbul, read the statement. The EBRD has created the position of Managing Director for Turkey and Central Asia and has appointed Natalia Khanjenkova, formerly Managing Director for Russia, to the new post. This is the first time that a Managing Director has been based in Istanbul, underscoring Turkey's importance for the EBRD and the role of Istanbul as a hub for EBRD operations, the bank said. Khanjenkova will assume the post on April 1, 2015.

Turkish consumer mood picks up slightly in February

Hurriyet Daily News, 19.02.2015



Turkish consumers' sentiment has recovered slightly from its lowest level in four years in January, recording a slight increase of 0.5 points in February.

The consumer confidence index, which is calculated from the results of the consumer tendency survey carried out in cooperation with the Turkish Statistical Institute (TÜİK) and the Central Bank, rose to 68.06 points in February, from 67.71 in January. The index is evaluated within the range of 0 and 200. An optimistic outlook is indicated when the index is above 100, but a pessimistic outlook is indicated when the index is below 100.

Turkish finance minister urges fight against inflation

Anadolu Agency, 18.02.2015



Turkey needs to maintain its fight against inflation until it falls below an annual rate of 5 percent for good, Finance Minister Mehmet Şimşek said. He added too much talk over the Central Bank's monetary policy may cause concerns among investors.

It is the Central Bank's main duty to maintain price stability, so it must make decisions on a rational basis, he said. Making currency rate policies become a point of daily political polemics in a country has many negative effects, pushing the country's risk premiums and rates up and making it less predictable, Ali Babacan also said.

The Central Bank scrapped the idea of holding an emergency rate meeting earlier this month amid rising pressure from political circles to cut rates. Şimşek also said the fall of the Turkish Lira against the U.S. dollar was due to the strength of the U.S. currency globally. He added that the lira's weakness was a risk for inflation.

TAV increased net profit by 64 percent in 2014

Hurriyet Daily News, 20.02.2015



TAV, Turkey's leading brand in airport operations, posted a net profit of 218 million euros in 2014 with an increase of 64 percent compared to the previous year, the company said.

TAV Airports increased its revenue to 983 million euros in 2014 with an increase of 9 percent from the previous year. The number of passengers at the airports operated by TAV reached 95 million with an increase of 14 percent compared to the previous year, the company said. TAV plans to distribute 306 million liras of dividend this year from its 2014 net profit.

"Three years ago, TAV Airports set a goal of expanding its service companies to the airports in which TAV does not operate. Today, we have managed to take part in 39 more airports with our service companies besides the 14 airports we operate at. In 2014, while our revenue increased 9 percent and reached 983 million euros, our net profit came in at 218 million euros, reflecting 64 percent of growth, fully in line with the guidance we had disclosed in the beginning of the year," said TAV Airports Holding President & CEO Sani Şener, adding the success of the company's services unit played a big role in topping the company's financial targets. "We topped the Istanbul and overall passenger targets that we had set at the beginning of 2014.

According to passenger traffic statistics for the year, Istanbul Atatürk Airport was the fourth busiest airport in Europe. In order to ensure uninterrupted passenger growth at Istanbul Atatürk, we began expanding this facility in cooperation with the State Airports Authority of Turkey (DHMI). The investments the DHMI undertook in the apron area increased the airport's aircraft parking capacity by 25 percent as of November 2014. A 42 percent total increase in parking capacity will result as these investments are finalized in 2015," Şener said.

Meanwhile, TAV Airports plans to initiate approximately 75 million euros of investment to increase the capacity of the international terminal. The terminal extension projects will be completed in 2016, Şener noted. "The company won the tender for the operation rights of Milas Bodrum Airport, increasing the number of airports it operates to 14. At the beginning of 2014, the company completed the construction of İzmir Adnan Menderes Airport's domestic terminal, which commenced service as Turkey's largest domestic airport terminal. After the completion of the expansion projects that we will be undertaking here, Gazipaşa Alanya Airport's capacity will climb to 2 million passengers per year," Şener said. TAV Airports operates Istanbul Atatürk, Ankara Esenboğa, İzmir Adnan Menderes, Gazipaşa Alanya and Milas Bodrum Airports in Turkey, as well as the Tbilisi and Batumi Airports in Georgia, Monastir and Enfidha-Hamammet Airports in Tunisia, Skopje and Ohrid Airports in Macedonia, Medinah Airport in Saudi Arabia and Zagreb Airport in Croatia.

Turkish private sector's total foreign loans rise to \$212 bln

Doğan News Agency, 14.02.2015



The Turkish private sector's total foreign debt rose by \$14.5 billion in 2014 to \$212 billion. The private sector's outstanding long-term loans from abroad rose to \$167.5 billion at the end of December, an \$11.5 billion increase from the end of 2013.

Short-term foreign loans, excluding trade credits, rose by \$3 billion to \$44.5 billion over the same period. Banks' foreign loans increased by \$5.9 billion, while bond loans increased by \$5.5 billion compared to the end of 2013. Non-bank financial institutions' loans fell by \$1.5 billion in the same period, while bond liabilities rose to \$3 billion.

Non-financial institutions' loans recorded a decrease of \$814 million compared to the end of 2013, while bond liabilities amounted to \$5 billion, increasing by \$1.7 billion in the same period. The private sector's principal repayments to be made in the next 12 months, as of the end of December 2014, stood at \$71.7 billion.

Turkey's construction sector loses \$6 billion on falling lira

Anadolu Agency, 14.02.2015



Turkey's construction sector has shouldered around 15 billion Turkish Liras of extra debt over the last 2.5 years due to the lira's losses against the U.S. dollar. The lira's loss in value over the last two-and-a-half years has hit a number of sectors, causing their debt burdens to increase, including the construction sector.

The lira was around 1.79 against the dollar in mid-2012. The construction sector took out 10 percent of the \$111 billion in banking loans in foreign currencies at the time, and the sector's debt would have increased to around \$16 billion if the lira's value had remained at 1.79 to the dollar.

However, the sector's debts to banks have increased up to \$29 billion (40 billion liras), as the value of the lira is now at around 2.47 to the dollar. Additionally, the sector has taken \$5 billion in loans from banks in the last 2.5 years, adding an extra \$1.3 billion interest burden on the sector. This has also affected the Turkish people, as the sector has two potential courses of action to reverse the negative effects of rising debt - either abandoning profits or raising housing prices. Construction costs were announced in the general notification for real estate taxes in the Official Gazette in August 2014. According to figures in the notification, the construction sector could have built 250,000 more houses at a cost of 60,000 liras per house if its debts had not increased so much.

Davutoglu reiterates support for Iraqi Kurdish people

AFP, 19.02.2015



Turkish Prime Minister Ahmet Davutoglu said that assistance and support to the Iraqi Kurdish people would continue. His remarks came at a private meeting with Iraqi Kurdish Regional Government prime minister Nechirvan Barzani.

According to sources from the Turkish Prime Ministry, the two talked about the security and humanitarian situation in northern Iraq, Turkey's humanitarian aid to the region, and the ongoing cooperation in energy. The Turkish Red Crescent has been delivering humanitarian aid to Iraq's Turkmen, Kurdish, Arab, Ezidi and Shabak communities in camps that were set up in Iraq for displaced people due to the ISIL threat.

As for the energy cooperation between Ankara and Iraqi Kurdish Regional Government's capital Erbil, Iraq's crude oil keeps flowing via Turkey despite attacks by Islamic State of Iraq and the Levant militants. On May 22, 2014, northern Iraqi oil reached international markets from Turkey's southern Ceyhan port, despite strong opposition from Baghdad. According to the agreement between Baghdad and Erbil reached on Dec. 2, 2014, the Kurdish Regional Government is now permitted to export 250,000 barrels of oil per day, and Kirkuk province 300,000 barrels per day, under the central government's supervision. In return, the Iraqi government is required to provide 17 percent of its national budget to Erbil. Earlier in the day, Barzani had met Turkish President Recep Tayyip Erdogan.

Turkey to go ahead with non-NATO integrated missile defense

Reuters, 19.02.2015



Turkey's new defense missile system, for which Ankara is in talks on a \$3.4 billion deal with a Chinese company, will not be integrated with one used by NATO, Defense Minister İsmet Yılmaz has said.

Ankara will use the long-range system without integrating it with NATO's system, Yılmaz said in his elaboration on the issue, which came in response to a parliamentary question filed by an opposition deputy. Turkey originally awarded the tender to China Precision Machinery Export-Import Corporation (CPMIEC) in 2013, prompting U.S. and NATO officials to say the deal could raise questions over security.

Turkey later said it was in talks with France on the issue. However, in his written response to the question filed in late December 2014 by main opposition Republican People's Party (CHP) İzmir deputy Aykut Çıray, Yılmaz said no new bids had been received. "The project will be financed through foreign financing. Work on assessing the bids has been completed and no new official bid has been received," the minister said, in his response released by Çıray's office. "The system in question will be integrated with the national system for Turkey's defense and will be used without integrating it with NATO," he added.

Eurosam, which is owned by Franco-Italian missile maker MBDA and France's Thales, came second in the tender. As early as September 2013, shortly after Yılmaz announced after a top defense industry meeting that the contract for the construction of the long-range air and anti-missile system had been awarded to CPMIEC, officials and industry sources told the Hürriyet Daily News that the Turkish government's decision to select a Chinese contender for the construction of the country's first long-range air defense system may force Turkey into ending up with a "standalone" system with little or no integration with NATO assets like radars.

About half of Turkey's network-based air defense radars have been paid for by NATO and are part of the NATO Air Defense Ground Environment. "Turkey can always decide to build a standalone system. But in that case, abstracting the air defense system from NATO assets would mean that Turkey will lose half of its radar capabilities," one defense analyst said at the time. Turkey would need interface data to make its own air defense architecture interoperable with NATO assets, primarily data on the Identify Friend and Foe system. This is top secret system and cannot be installed into any Chinese system.

Earlier this week, senior officials told the Daily News that Turkey would refrain from selecting a winner for its disputed contract before April 24, the centennial commemoration of the 1915 killings of Ottoman Armenians. "We have agreed with the government leaders not to rush to a decision any time soon," one defense procurement official said. "A decision before April 24 is out of the question."

A senior diplomat confirmed that Ankara first wants to see the U.S. and French positions on the “genocide claims” before awarding a sizeable contract “to a bidder potentially from one of these countries.” “How these countries observe the centennial of the events [of 1915-1920] will be important input for our final decision,” he said.

Turkey, US sign deal to train, equip Syria rebels

AFP, 20.02.2015



The United States and Turkey signed a deal to train and equip thousands of moderate Syrian rebel forces after several weeks of talks, officials said. "Turkey and the United States signed a document a short time ago on the train-and-equip" Turkish Foreign Minister Mevlüt Çavuşoğlu told reporters.

A US embassy spokesman confirmed that the deal was inked in Ankara by Turkish Foreign Ministry Undersecretary Feridun Sinirlioğlu and US ambassador to Turkey John Bass. The announcement puts an end to months of difficult negotiations between the NATO allies on how to train Syrian rebel forces and which enemy they should focus on.

Turkey, a vocal critic of Syrian President Bashar al-Assad, wants rebels factions to be trained to battle both the regime in Damascus as well as the Islamic State of Iraq and the Levant (ISIL) insurgents who have seized large chunks of territory in Iraq and Syria right up to the Turkish border. Washington, whose aircraft target ISIL positions in Syria, wants to train the rebel forces as part of its fight against ISIL. "Those forces will fight both Daesh and other terrorist organisations on the ground, as well as the regime," Çavuşoğlu said, using an alternative name for ISIL.

The US government hopes the programme can begin by late March, so the first trained rebel forces can be operational by year's end, according to the Pentagon. The goal is to train more than 5,000 Syrians in the first year of the programme, and a total of 15,000 over a three-year period. The fighters will be trained in the Turkish town of Kırşehir in central Anatolia.

The details of the agreement were not immediately clear but the train-and-equip programme is seen as a way for both sides to find common ground. Ankara's reluctance to take robust action against ISIL militants has strained ties with the US, which is pressing Ankara for the use of Incirlik air base in southern Turkey to facilitate US jet strikes on the radicals. Turkey, however, has refused to succumb to the pressure and set several conditions for playing a greater role in the US-led coalition against ISIL. Those included the creation of a no-fly zone, as well as the training of moderate Syrian rebels, with an ultimate goal of bringing down the Assad regime.

Assad 'part of the solution' in Syria, says UN envoy

AFP, 14.02.2015



Any resolution to the fighting in Syria must involve President Bashar al-Assad, the United Nations envoy to Syria has said in the first such acknowledgement by the UN. "President Assad is part of the solution," Staffan de Mistura told a joint press conference with Austrian Foreign Minister Sebastian Kurz in Vienna.

"I will continue to have very important discussions with him," de Mistura added, noting: "The only solution is a political solution." This was the first time a UN envoy on Syria has explicitly named Assad as part of a peaceful solution after nearly four years of fighting.

De Mistura's remarks drew condemnation from the key opposition National Coalition as well as from activists on the ground in Syria. "I think De Mistura is fooling himself if he thinks that Assad is part of the solution," coalition member Samir Nashar told AFP by telephone from Istanbul. "Assad is the problem, not part of the solution." Najib Ghadbian, the National Coalition's UN envoy, described the "brutality" of Assad's regime as the root cause of the conflict. He also warned the U.S.-led alliance fighting the Islamic State of Iraq and the Levant (ISIL) -- which has seized swathes of territory in both Syria and Iraq -- that its efforts would fail unless world powers get serious about a peace plan for Syria. "We welcome the coalition but we need to have a comprehensive strategy to address the underlying cause: Assad and Assad's brutality," said Ghadbian.

De Mistura, who was in Damascus this week to meet Assad, is due to deliver a report on his mission to the UN Security Council. If no solution to the conflict is found, "the only one who takes advantage of it is ISIS Daesh," de Mistura said, using another name for ISIL. The group is a "monster waiting for this conflict to take place in order to be able to take advantage," he said. But Nashar disagreed, saying: "If Assad was really interested in fighting Daesh, he would have sent his troops to Raqa rather than to Douma." Raqa is the self-proclaimed capital of the jihadists in northern Syria, while Douma is a rebel bastion in the Eastern Ghouta area east of Damascus under a suffocating regime siege for more than a year.

More than 183 people have been killed in near daily bombardment of Douma over the past few weeks, according to the Syrian Observatory for Human Rights, which said 29 children were among the dead. "It appears de Mistura hasn't heard about the mass killing in Douma," said Nashar. An activist from Douma, who identified himself as Mohammed Salaheddin, also dismissed the UN envoy's assessment. "Assad can only contribute to a political solution by ordering his army to stop its arbitrary shelling of civilians and by... lifting the siege on Eastern Ghouta," he told AFP via Skype. The activist said Assad should then "give up the position in whose name he destroyed Syria."

In Vienna, Kurz agreed that "in the fight against ISIL it can be necessary to fight on the same side" but insisted that "Assad will never be a friend or even a partner." Rights groups have accused Syrian government troops of indiscriminate bombardment of civilians in rebel-held areas, including with so-called barrel bombs. In an interview broadcast this week by the BBC, Assad denied his forces were using the crude, unguided munitions that have been blamed for the deaths of thousands of civilians. He also complained that in the fight against ISIL, "there is no dialogue" with the U.S.-led coalition, which began air strikes against ISIL in September. "There's, let's say, information, but not dialogue," the embattled leader said.

In a poll, 53 percent of residents in opposition-held areas of Syria's second city of Aleppo -- which has seen some of the country's worst violence since July 2012 -- said they favored de Mistura's October proposal of a "freeze" in fighting. But a great majority also said they were skeptical that a truce would hold. Syria's war began in March 2011 as a peaceful movement demanding democratic change. It later morphed into a brutal civil war after Assad's regime unleashed a crackdown on dissent. More than 210,000 people have killed in the conflict and around half of the country's population has been displaced. Several rounds of talks have ended without concrete results.

Many killed in Aleppo battles after army offensive

Reuters, 18.02.2015



Battles in and around the Syrian city of Aleppo have killed at least 70 pro-government fighters and more than 80 insurgents after the army launched an offensive there, a monitoring group said.

The army backed by allied militia had captured areas north of Aleppo on Tuesday in what the Syrian Observatory for Human Rights said was an attempt to encircle the northern city and cut off insurgent supply lines. Aleppo is at the forefront of clashes between the army and a range of insurgents.

The United Nations is seeking a ceasefire there, a step towards addressing the crisis in Syria which is about to enter its fifth year. The advance on Aleppo is the second major offensive by pro-government forces in a week. The army and allied combatants from Lebanon's Hezbollah group have also launched a large-scale assault in southern Syria against insurgents. The main route leading north out of Aleppo to the Turkish border was blocked and under fire by pro-government forces, the Observatory's founder Rami Abdulrahman said. "The regime went forward a bit yesterday and the road is still closed," he said. The army was controlling the route from positions it set up in the villages of Bashkuwi and Sifat on either side of the road, he said.

Insurgents can take another route north but it entails going northwest out of the city and circumnavigating army-held areas before heading north again. "It is the very long way around," he said. He also said poor weather prevented Syrian air force bombardment on Wednesday but fighting continued on the ground. Casualties on the government side could be higher because 25 of its combatants were unaccounted for, he said. Sixty-six Syrian insurgents from various groups were killed in the fighting, as well as at least 20 from Nusra Front, he said. Around 60 Syrian soldiers reached the Shi'ite Muslim towns of al-Zahra and Nubl north of Aleppo after retreating from battles in the town of Ratain on Feb. 17, the Observatory said.

US sees Iraqi offensive to retake Mosul in April-May time frame

AFP, 20.02.2015



An Iraqi and Kurdish military force of some 20,000 to 25,000 troops is being prepared to recapture the city of Mosul from fighters of ISIL, probably in the April-May time frame, an official at the U.S. Central Command said.

The official said Mosul was currently being held by 1,000 to 2,000 ISIL fighters. No decision has been made on whether small numbers of U.S. military advisers might need to be on the ground close to Mosul to direct close air support, the official told a group of reporters on condition of anonymity. Mosul a stretch of territory that straddles the border between northern Iraq and eastern Syria.

The main attack force being assembled for the Mosul campaign would include five Iraqi army brigades, the official said. Three smaller brigades would act as a reserve force, and three brigades of Kurdish peshmerga troops would contain the city from the north and isolate it from ISIL forces further west. A so-called Mosul fighting force consisting mainly of former Mosul police officers and tribal fighters also is being assembled for the assault, the official said. About a brigade of counterterrorism troops also would be employed in the fight, he said. The total number of troops would be 20,000 to 25,000. The aim of Iraqi and U.S. military leaders is to have all five Iraqi army brigades that comprise the main attack force participate in U.S.-led training currently going on in Iraq. That will begin once the present batch of 3,200 trainees rotate out of the five training sites, the official said.

The official said the timing of the offensive would ultimately depend on the readiness of Iraqi forces, which collapsed last summer as ISIL conquered Mosul, the country's second-largest city, and raced across northern Iraq. It is highly unusual for the U.S. military to openly telegraph the timing of an upcoming offensive, especially to a large group of reporters. Asked why the exception was being made for the Mosul offensive, which the Pentagon has described as a pivotal battle in the overall campaign in Iraq, the official said it was a reflection of the confidence of Iraq, which had devised the battle plan. "They are absolutely committed to this. There are a lot of pieces that have to come together and we want to make sure the conditions are right. But this is their plan. They have bought into it. They are moving forward as if they will execute in the time frame that I just described," the official said.

Ukraine calls for peacekeepers after rebels take key town

AFP, 19.02.2015



Ukrainian President Poroshenko called for European peacekeepers to enforce a shattered ceasefire deal in east Ukraine after a flashpoint strategic town fell to a fierce assault by pro-Russian rebels.

Some 2,500 exhausted government troops retreated from Debaltseve -- a key railway hub linking the main separatist-held cities of Donetsk and Lugansk -- after rebels ignored a supposed truce to seize control of the town. The loss was a bitter blow to the Ukrainian army and left a last-ditch peace plan hammered out by the leaders of Ukraine, Russia, Germany and France hanging by a thread.

Ukraine's National Security and Defence Council approved a decision to invite UN-mandated peacekeepers into the country to monitor the frontline with the rebels and Ukraine's porous border with Russia. "We see the best format would be a police mission from the European Union. We are sure this would be the most effective and best guarantee for security," Poroshenko said, adding that he hoped consultations on the force would start quickly once the decision is approved by parliament. Ukraine and the US have accused Russia of piling troops and weapons in to spearhead the devastating assault on Debaltseve. Moscow denies the claims.

Poroshenko said six soldiers were killed and more than 100 wounded in what he earlier described as "a planned and organised withdrawal" he ordered from Debaltseve. But haggard soldiers seen arriving in the neighbouring town of Artemivsk on tanks and other vehicles, or on foot, contested that characterisation. "We didn't hear anything about an order to pull out. We only found out about it when our heavy armour started leaving," one soldier told AFP, declining to give his name or unit. "We should have pulled out earlier," another said bitterly. There was no official casualty toll from the ferocious street-to-street battles that had taken place in the town since the rebels stormed it on Tuesday, but the bodies of at least 13 soldiers were seen delivered to the local morgue.

A row of makeshift coffins stood in the snow outside waiting to transport the corpses, still in camouflage uniform. A spokesman for the rebels' military, Eduard Basurin, said the town was "completely under the control" of the insurgents, with just "scattered" pockets of resistance that were being neutralised. Basurin claimed more than 300 government soldiers had been taken prisoner. Ukrainian officials conceded some were in rebel hands but would not say how many. Amnesty International expressed concern about the treatment of the prisoners, noting evidence of brutality by both sides towards captives.

The situation in Debaltseve -- and the status of an estimated 5,000 civilians trapped there -- was impossible to verify. Journalists and monitors from the Organization for Security and Cooperation in Europe (OSCE) were unable to get into the town. Debaltseve's fall dealt a heavy blow to the European-brokered truce agreed by all sides in the Belarus capital Minsk last week and endorsed by the UN Security Council. The ceasefire was meant to be the first step towards quelling a conflict that has killed more than 5,600 people since erupting in April 2014. France has insisted the truce is "not dead", a view echoed by the US State Department on Wednesday, pointing to reports of the withdrawal of certain types of heavy weapons in Donetsk and Lugansk.

US State Department spokeswoman Jen Psaki added that Secretary of State John Kerry had spoken with Russian Foreign Minister Sergei Lavrov and pressed him "to stop Russian and separatist attacks on Ukrainian positions in Debaltseve and other violations of the ceasefire." No details had yet emerged early Thursday of a planned phone call between German Chancellor Angela Merkel, French President Francois Hollande, Russian President Vladimir Putin and Poroshenko.

Ukraine and Western countries blame the relentless violence on Russia, which annexed Crimea in March last year and is accused of sending in troops and heavy weapons across the border to back the eastern insurgency. They say Moscow is playing a double game of insincere diplomacy and covert support to the separatists to keep Ukraine, a former Soviet republic, destabilised and stymied in its ambitions to edge closer towards the EU and NATO.

British Defence Secretary Michael Fallon warned Wednesday that NATO should be prepared for "any kind of aggression from Russia" to Baltic members of NATO -- eurozone members Estonia, Latvia and Lithuania -- using the tactics it is accused of employing in Ukraine. Fallon referred to the interception of Russian bombers flying close to British airspace, and Russia's detention of an Estonian policeman that sent tensions soaring between Moscow and Tallinn, describing the threat to the eastern states as a "very real and present danger" in comments to British media.

NATO chief Jens Stoltenberg earlier called on Russia to "withdraw all its forces from eastern Ukraine, to stop its support for separatists and to respect the Minsk agreement". The West has already imposed several rounds of sanctions on Russia for its perceived role in Ukraine, and the EU and Canada ratcheted their measures up further this week. Russia denies involvement in the insurgency, though President Vladimir Putin had urged the surrender of the Ukrainian troops in Debaltseve before their withdrawal.

Greece to accept six-month loan extension agreement

Anadolu Agency, 18.02.2015



Greece is going to request a conditional six-month extension of its loan agreement, the local Greek media said. Greece is facing increasing pressure to accept a six-month extension of its bailout as it faces the prospect of running out of money if no agreement is reached during heated discussions with its Eurozone partners.

Tensions were raised amid talks in Brussels after Greece rejected an extension of its €240 billion bailout. The official sources said that the Greek government was “considering the possibility of extending the loan agreement, differentiating it completely from the bailout program.”

Greece's economy is reeling from the effects of a bailout program engineered by the troika -- the European Central Bank, European Commission and International Monetary Fund. According to the official Greek agency, Greece would request an extension until the end of August and the relevant explanatory letter accompanying the request would be based to a large degree on the European Commission's proposals included in the so-called "Moscovici document" that was leaked to the press. If the letter satisfied the Greece's European partners, then Eurogroup President Jeroen Dijsselbloem would call an extraordinary meeting Friday.

The Athens-Macedonian News Agency quoting Eurozone sources said that for the funding of Greece's loan agreement to continue, the country would have to accept some terms and conditions, and Dijsselbloem, along with other Greece's partners, would examine whether these conditions were included in the Greek request. The same sources said Athens did not want a rift with Europe and was willing to find a solution and that the main issue now was whether the content of the request would satisfy all sides.

Tensions were raised in talks in Brussels after Greece rejected an extension of its €240 billion (\$274 billion) bailout -- which expires. Greek journalists briefed in Brussels by the country's finance ministry officials reported that the extension request would be accompanied by terms and conditions proposed by the Greek side, including commitments to refrain from taking unilateral actions and collaboration on policies ranging from clamping down on tax evasion to pressing ahead with privatisations.

Dijsselbloem said, "I hope that Greece will ask for an extension of the program, and once they do, we can allow flexibility within the program that will adapt to Greek political priorities." As the talks continue to make little progress, Greek banks are losing about \$2 billion every week as depositors withdraw funds, according to a report from JPMorgan, which said Greek banks would be out of funds within a few weeks. The only source of funding for Greek banks is an emergency loan from the European Central Bank, which has made no commitment to making such funding available under the current circumstances.

Eurogroup President Jeroen Dijsselbloem said Greece should request an extension for its bailout program and then creditors could be flexible about terms. Dijsselbloem said: "I hope that Greece will ask for an extension of the program, and once they do, we can allow flexibility within the program that will adapt to Greek political priorities." "It is really up to the Greeks; we cannot make them or ask them; it really is up to them." Greek Finance Minister Yanis Varoufakis told reporters ahead of the meeting: "We will continue to deliberate in order to achieve a very good outcome for the average European - not for the average Greek, nor for the average Dutch person nor the average German."

Varoufakis has rejected any continuation of the current bailout plan and called for the consideration of a proposal from the European Commission in which Greece would get four to six months credit in return for a freeze on its anti-austerity policies. The Eurogroup has strongly rejected such a plan and insisted on continuing the bailout. Varoufakis said on Monday he was ready to sign a draft communique that would allow an extension of the bailout program for a period of four months on the condition that it would not impose recessionary measures. He said: "For instance, no cuts in the bottom rung of pensions, no Value-Added Tax hikes during this period, especially in regions of Greece that in the beginning of summer required all the assistance they could get to boost tourism."

But had added after the meeting: "Unfortunately, the document I was prepared to sign was withdrawn minutes before the Euro group meeting on Monday began, and was replaced with another document." As the talks continue to make little progress, Greek banks are losing about \$2 billion every week as depositors withdraw funds, according to a report from JPMorgan, which said Greek banks would be out of funds within a few weeks. The only source of funding for Greek banks is an emergency loan from the European Central Bank, which has made no commitment to making such funding available under the current circumstances.

Bosnia: six detained on terrorism charges

AFP, 28.02.2015



Bosnia's state police have detained six people on terrorism charges connected to the conflicts in Iraq and Syria. The suspects were detained Tuesday night and Wednesday morning in six locations, including the capital, Sarajevo, by officers from Bosnia's domestic intelligence body, the State Investigation and Protection Agency.

In a statement, SIPA said the suspects are thought to be associated with the financing, organization and the recruitment of Bosnians traveling to Syria and Iraq to participate in armed conflicts in both countries, fighting on the side of "radical terrorist groups and organizations."

The detainees have also been accused of the "financing, organizing and recruitment of Bosnians to go to Syria and Iraq, as well as participating in armed conflicts in Syria and Iraq." Sixteen people were detained by SIPA in "Operation Damascus" last September and accused of financing, organizing and recruiting Bosnians to fight in Syria and Iraq. The suspects are to be questioned at the Prosecutor's Office after an official criminal investigation by SIPA concludes.

Copenhagen police lift cordon after finding no explosives

AFP, 17.02.2015



Copenhagen police cordoned off an area around the site of a deadly weekend attack after discovering a "suspicious" letter but later said no explosives had been found. "Investigation finished. No explosives. Cordon has been lifted," police wrote on Twitter.

Police are on high alert after the weekend attacks on a cultural centre and a synagogue that left two people dead. Police also arrested a man in Mjoelersparken, the same area where suspected gunman Omar El-Hussein was from, but declined to comment on media reports that it was linked to the attacks.

Two men were charged with helping the suspected gunman, who was killed in a shootout with police, and detained in custody for 10 days. "It's a very big investigation, very tough. There's a lot of surveillance material and Internet data to go through. It's a huge and complicated investigation," police spokesman Steen Hansen told AFP.

Experts: Finding Libya solution daunting task for world

AFP, 20.02.2015



Having balked at Egypt's call for military intervention in Libya, the international community faces a daunting task to find a political solution to the lawless North African country's crisis, analysts say.

Roiled by turmoil ever since the NATO-backed ouster of dictator Moamer Qadhafi in 2011, Libya's security has continued to deteriorate, prompting calls for an easing of an arms embargo to help the internationally recognized government regain some control. The beheading this week of 21 mainly Egyptian Coptic Christians by ISIL sparked Cairo to launch air strikes against the jihadists in Libya.

But Western and Arab states have flinched at the suggestion of force, and U.N. envoy Bernardino Leon told the U.N. Security Council that the only cure for Libya's trauma was political. Claudia Gazzini of the International Crisis Group said a political accord would be "difficult, but not impossible to achieve." "The international community must stay focused on supporting the dialogue efforts and resist calls to lift the arms embargo," the analyst said.

Libya is awash with weapons and rival militias are battling for control of its cities and oil wealth. It has two rival governments and parliaments, one recognized by the international community and the other with ties to Islamists. Any additional weapons could strengthen the divisive General Khalifa Haftar, whose forces are fighting Islamist militias in battles that widen the gulf between competing factions. One U.N. diplomat said lifting the arms embargo would be tantamount to pouring fuel on the fire.

Since launching efforts at dialogue in September, Leon has been unable to bring together leading players from rival camps. The U.N. envoy's best achievement so far has been to begin "indirect" talks last week between the internationally recognized government and the General National Congress, which is under the leadership of the Islamist Fajr Libya militia currently controlling the capital Tripoli.

But observers believe efforts to bridge the gap between the two sides will fail so long as their respective armed factions – Haftar for the elected government and Fajr Libya for the GNC – are not at the same table. “It is very difficult, but with dialogue everything is possible,” said Libya analyst Khaled al-Hetch. He sees one solution as “giving Haftar the post that he wants,” the supreme leadership of Libya’s armed forces, in return for forming a unity government made up of representatives from both sides. This week a lawmaker party to the talks, Tarek al-Jerouchi, said world leaders wanted their favored parliament – exiled in the remote east since Fajr Dawn took Tripoli last year – to remove Haftar from the scene.

Analysts said the situation has been further muddled by Libya’s rival factions each having its own regional backers. Egypt, the United Arab Emirates and Saudi Arabia are said to support Haftar, with Qatar and Turkey favoring Fajr Libya. “These countries are setting fire to the powder keg,” said Saad Djebbar, a London-based analyst. “In Libya there is a fight for influence between regions and tribes. Each of them wants to say their piece. The international community needs to reassure each player and make them understand that they all have a place in the new Libya.”

Boko Haram threatens Nigerian elections after fresh violence

AFP, 18.02.2015



Islamist group Boko Haram has vowed to make voting impossible in Nigeria's upcoming election after a spate of deadly attacks in the country's violence-wracked northeast.

The group's leader Abubakar Shekau said in a new video posted on Twitter evening that his fighters would disrupt polling in Africa's most populous nation scheduled for March 28. "This election will not be held even if we are dead. Even if we are not alive, Allah will never allow you to do it," he said in the Hausa language widely spoken in northern Nigeria. Shekau also claimed responsibility for a large-scale attack on the northeastern city of Gombe.

The latest threats came as the embattled head of Nigeria's electoral body faced senators in parliament to explain his decision to delay the election by six weeks. Attahiru Jega, president of the Independent National Electoral Commission (INEC), has been criticised for agreeing to the postponement on security grounds. National security advisor Sambo Dasuki recommended pushing back the date from February 14 to give troops in a regional offensive against Boko Haram more time to secure and stabilise the northeast.

The deployment would leave soldiers unavailable to provide security on polling day, he said. But Dasuki's six-week deadline to effectively crush the militants has been seen as unrealistic, even if it allows INEC more time to distribute more ID cards to the 68.8 million registered voters. The insurgents, whose six-year rebellion has claimed more than 13,000 lives and left more than a million homeless, gave a renewed indication of their resilience. Two suicide attacks -- one at a checkpoint near Biu in Borno state and another hours later in a restaurant in Potiskum in Yobe -- killed at least 38.

Many of the victims at the first were children. The bombings were the latest in an increase in violence since the start of the year and linked to the elections, which Boko Haram views as un-Islamic. Militants have captured swathes of territory, making voting impossible in many areas of Borno, Yobe and Adamawa states and raising fears about the validity of the final election result. Mounting concerns about the threat Boko Haram poses to regional security have increased and galvanised Nigeria's neighbours into joining the counter-insurgency.

Chadian troops deployed to Cameroon to help fight increased attacks in the country's far north, while Niger has agreed to send soldiers to help the fight-back. Thousands took to the streets of Niamey to protest against the group and President Mahamadou Issoufou vowed: "Niger will be the death of Boko Haram." But Shekau again dismissed the regional force in the new video, threatening Issoufou and Chad's President Idriss Deby. Boko Haram, which wants to create a hardline Islamic state in northeastern Nigeria, this month opened up two new fronts in the bitter conflict, attacking border regions in Niger and Chad.

South Korea finally gets a new prime minister

AFP, 16.02.2015



South Korean President Park Geun-Hye finally got a new prime minister on her third attempt, despite claims by opposition lawmakers that her nominee was morally unfit for the office.

Lee Wan-Koo, a senior legislator from Park's ruling Saenuri party, was approved in parliament by 148 votes to 128 after a tortuous nomination process. A largely symbolic post in South Korea the prime minister is the only cabinet member. Outgoing premier Chung Hong-Won had resigned way back in April last year amid strident public criticism of the government's response to the Sewol ferry disaster.

President Park's popularity ratings also plunged in the wake of the Sewol tragedy and her political fortunes were not helped by several failed attempts to appoint Chung's successor. Her first nominee, a retired Supreme Court justice, was forced to withdraw because of criticism over the large income he earned in private practice after leaving the bench.

The second, former journalist Moon Chang-Keuk, withdrew over comments he made suggesting Japan's repressive colonial rule on the Korean peninsula was "God's will". Apparently fearful of another nominee battle, a chastened Park was left with little choice but to retrospectively reject Chung's initial resignation. Lee's nomination when it came was a similarly fraught process.

The main opposition New Politics Alliance for Democracy (NPAD) had urged him to withdraw voluntarily, accusing him of speculating in real estate and of buying a high-class apartment with illegal political funds. At his confirmation hearing, NPAD also disclosed a recording of Lee's conversation with reporters pressuring them to stop carrying negative reports about him. A Gallup Korea survey in January found that Park's approval rating hit an all-time low of 29 percent, posing a growing threat to her drive to resuscitate the sluggish economy.

Obama says World must fight 'false promises' of extremism

AFP, 19.02.2015



US President Barack Obama urged Western and Muslim leaders to unite to defeat the "false promises of extremism" and reject jihadists' claims to represent Islam. "The terrorists do not speak for a billion Muslims," Obama told delegates from 60 countries at a White House summit on countering radicalism.

"They try to portray themselves as religious leaders, holy warriors," he said. "They are not religious leaders, they are terrorists." In the wake of brutal jihadist attacks in Europe and the Middle East, Obama said more must be done to prevent groups like Islamic State and Al-Qaeda.

The battle, he said, was as much for hearts and minds as one waged by the military on the ground and in the air. The "ideologies, the infrastructure of extremists, the propagandists, the recruiters, the funders who radicalize and recruit or incite people to violence," must be tackled. He challenged critics at home and moderate governments abroad to undercut the jihadist narrative that there is a "clash of civilizations" between an anti-Muslim west and a radicalized Middle East.

Domestically Obama has been pilloried for not describing the attacks in Denmark, France, Syria and Libya as the work of "Islamic radicals." He choose to face down the critics Wednesday saying "we are not at war with Islam. We are at war with people who have perverted Islam." "Those of us outside Muslim communities need to reject the terrorist narrative that the West and Islam are in conflict or modern life and Islam are in conflict," Obama said.

He spoke emotionally about a Valentine's card he received from an 11-year-old Muslim American called Sabrina. "I am worried about people hating Muslims," she wrote "please tell everyone that we are good people and we're just like everyone else." Obama insisted "Muslim communities have a responsibility as well" to fight groups "desperate for legitimacy."

Al-Qaeda and Islamic State "do draw selectively from the Islamic texts," he said. "They do depend upon the misperception around the world that they speak in some fashion for people of the Muslim faith." "Muslim leaders need to do more to discredit the notion that our nations are determined to suppress Islam." Communities in the United States and abroad must do their part, he said. "We have to be honest with ourselves. Terrorist groups like Al-Qaeda and ISIL (Islamic State) deliberately target their propaganda in the hopes of reaching and brainwashing young Muslims." They do so through "high-quality videos, the online magazines, the use of social media, terrorists Twitter accounts -- it's all designed to target today's young people online in cyberspace."

The summit has been in the pipeline for months, but has been given deeper significance after several similarly inspired attacks, including on a cultural center and on a synagogue in Copenhagen which left two people dead at the weekend. Among those attending is Anne Hidalgo, the mayor of Paris, where attacks by Islamist gunmen on the Charlie Hebdo satirical weekly magazine and a kosher supermarket left 17 people dead. A video emerged apparently showing Islamic State jihadists beheading 21 Egyptian Christians in Libya. Sessions highlighted existing anti-extremist programs in Boston, Minneapolis-Saint Paul and greater Los Angeles, which involve community policing and other tactics. There appeared to be little in the way of concrete outcomes from the summit, although the US State Department announced the appointment of a special counter-terrorism communications coordinator. The United States will also join with the United Arab Emirates "to establish a digital communications hub that will counter ISIL's (Islamic State's) propaganda and recruitment efforts."

Announcements & Reports

► *Turing Robots: Income Inequality and Social Mobility*

Source : Baker Institute

Weblink : <http://bakerinstitute.org/research/turing-robots-income-inequality-and-social-mobility/>

► *Clash For Civilization*

Source : CSIS

Weblink : <http://csis.org/publication/clash-civilization>

► *Facing the Flood: How Asia Is Coping With Volatile Capital Flows*

Source : Chatham House

Weblink : <http://www.chathamhouse.org/publication/facing-flood-how-asia-coping-volatile-capital-flows>

Upcoming Events

► *Security and Defense*

Date : 23 February 2015

Place : London – United Kingdom

Website : <http://www.chathamhouse.org/Defence2015>

► *Opportunities in Strengthening Trade Assistance*

Date : 25 February 2015

Place : Washington - USA

Website : <http://csis.org/event/opportunities-strengthening-trade-assistance>

► *Russian Security: Facing a 21st Century of Instability*

Date : 27 February 2015

Place : London – United Kingdom

Website : <http://www.chathamhouse.org/event/russian-security-facing-21st-century-instability>

► *Diversifying MENA Economies*

Date : 02 - 03 March 2015
Place : London – United Kingdom
Website : <http://www.chathamhouse.org/conferences/MENA-Economies>

► *Market-based Finance: Creating Resilient Markets for Growth*

Date : 09 March 2015
Place : London – United Kingdom
Website : <http://www.chathamhouse.org/conferences/financialsystem>

► *Creating an Effective Financial System*

Date : 09 March 2015
Place : London – United Kingdom
Website : <http://www.chathamhouse.org/conferences/MENA-Economies>

► *Divided Societies, Volatile States: The Politics of Identity Post-Arab Spring*

Date : 10 march 2015
Place : Texas – USA
Website : <http://bakerinstitute.org/events/1695/>

► *Innovation Forum 2015*

Date : 26 March 2015
Place : Chicago – USA
Website : <http://www.economist.com/events-conferences/americas/innovation-2015>